

Recording Transactions Using a General Journal

The transactions that are not recorded in either the Sales Journal or Cash Receipts Journal are recorded in the General Journal.

1.) Sales Returns and Allowances

2.) Correcting Entries (Affect customer accounts, but not the controlling account)

Sales Return - Credit allow a customer for the sales price of returned merchandise.

Sales Allowance – Credit allowed a customer for part of the sales price of merchandise that is not returned.

CREDIT MEMORANDUM FOR SALES RETURNS AND ALLOWANCES

CREDIT MEMORANDUM NO. 41

Winning Edge
1420 College Plaza
Atlanta, GA 30337-1726



*We have this day credited
your account as follows:*

DATE

March 11, 20--

TO

Parson Company
1151 Peach Lane
Atlanta, GA 30337

ACCOUNT NO.

160

| Quantity | Units | Description | Price | Total |
|----------|-------|------------------------|-------|---------------------|
| 3 | ea. | Stop watch, Model 15P6 | 19.50 | 58.50 |
| | | Sales tax | | <u>4.68</u> |
| | | Total | | <u><u>63.18</u></u> |

If the above is incorrect, please return stating difference.

JOURNALIZING SALES RETURNS AND ALLOWANCES

| GENERAL JOURNAL | | | | | | | | | | PAGE 3 |
|-----------------|------|--------------------------------|----------|------------|-------|----|--|--------|----|--------|
| | DATE | ACCOUNT TITLE | DOC. NO. | POST. REF. | DEBIT | | | CREDIT | | |
| 12 | 11 | Sales Returns and Allowances | CM41 | | 58 | 50 | | | | 12 |
| 13 | | Sales Tax Payable | | | 4 | 68 | | | | 13 |
| 14 | | Accounts Receivable/Parson Co. | | | | | | 63 | 18 | 14 |
| 15 | | | | | | | | | | 15 |
| 16 | | | | | | | | | | 16 |

In a Sales Return/Allowance, the business **MUST** include the sales tax

- | | |
|-------------------------------|---------------------------|
| 1. Date | 6. Sales Tax Amount |
| 2. First Debit Account Title | 7. Credit Account Titles |
| 3. Credit Memorandum Number | 8. Diagonal Line |
| 4. Sales Return Amount | 9. Total Amount of Return |
| 5. Second Debit Account Title | |

JOURNALIZING CORRECTING ENTRIES AFFECTING CUSTOMER ACCOUNTS

| GENERAL JOURNAL | | | | | | | | | | PAGE 3 |
|-----------------|------------------------|----------|------------|-------|--------|--|--|--|--|--------|
| DATE | ACCOUNT TITLE | DOC. NO. | POST. REF. | DEBIT | CREDIT | | | | | |
| 12 | York East High School | M40 | | 41200 | | | | | | 15 |
| 16 | York North High School | | | | 41200 | | | | | |
| 17 | | | | | | | | | | |
| 18 | | | | | | | | | | 18 |

1. Date
2. Correct Customer Name
3. Memorandum Number
4. Debit
5. Incorrectly Charged Customer Name
6. Credit

Summary of Posting

Posting from a General Journal

Each amount in the Debit and Credit columns of the General Journal is posted to the Account named in the Account Title column.

Preparing a Schedule of Accounts Receivable

By preparing the Schedule of Accounts Receivable, you can compare and then prove the Accounts Receivable Ledger.

Suggested Order of Posting from Special Journals

Since General Ledger account balances are only needed when preparing financial statements, keeping up to date the subsidiary ledger accounts help maintain accurate records.

1.) Sales 2.) Purchases 3.) General 4.) Cash Receipts 5.) Cash Payments